

# The AHS: Then, Now, and In Between

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I picked the title before I wrote the paper, so they won't precisely match. I'll start with "then," but "now" and "in between" are going to be muddled together.

## THEN

For the beginnings of the American Housing Survey, I am drawing on the work of Census historian Fred Bohme, which includes an oral history interview with Duane McGough, who managed the AHS for HUD for a good 20 years, and they were a good 20 years. I'm also grateful to his successor Ron Sepanik, and to Art Cresce at the Census Bureau, for helping me find the early history.

The beginning is the Kaiser Committee, in 1967 — formally, the President's Committee on Urban Housing. The Kaiser Committee was mandated to report on urban housing needs; it immediately ran into major data problems because there were virtually no data much more recent than the 1960 Census, and in 1967, 1960 seemed a long time ago. The Committee did what it could — it published two volumes of technical studies providing serious analyses and estimates — and one of its recommendations was for an annual survey of housing.

This led to discussions during 1968-69 between the Census Bureau and HUD, and to a 1970 meeting at the Office of Information and Regulatory Affairs (OIRA) within OMB ("information" includes statistical policy). At that meeting, there were three decisions:

- (1) There would be a survey,
- (2) HUD would sponsor it, and
- (3) OMB would make sure the money was in the HUD budget.

HUD and Census then put together a Statement of Work by early 1972. This SOW identified four general subject areas to be covered in the survey: changes in the housing stock — additions, removals, etc. (commonly known as the Components of Inventory Change, or CINCH); housing vacancies; housing quality; and the characteristics of the occupants of housing units. The survey would be annual — the Annual Housing Survey. In addition to the national survey, because "all housing markets are local," the AHS would include surveys in selected metropolitan areas. Census conducted two small pilot surveys in August 1972, in Louisville and Worcester.

It was about then that I first heard of it. I was a visiting economist at the Office of Economic Opportunity (OEO), on leave from the economics department at Ohio State University. The head of our staff, Ned Gramlich, called a meeting to discuss ways we could use this new Annual Housing Survey, apparently at the behest of either HUD or the Executive Office of the President (OEO was part of the Executive Office). All I remember about the AHS from that meeting is that it used a cluster sample. There were about 10 economists and other social scientists at the meeting; two of us had ideas about how it could be used. The other guy talked first; I didn't think much of his idea. Then I talked, and nobody thought much of my idea. I don't remember what either idea actually was, 38 years later.

So I forgot all about it – until six months later when I was suddenly at HUD, and I wound up working alongside the people who ran the AHS. The administrative structure of HUD was in flux at that time, as incoming Secretary Jim Lynn wanted to change some parts of it. There was not an Office of Policy Development and Research, let alone an Office of Economic Affairs.

By then, it was April of 1973. The Survey started in August 1973. That was the first national survey, a sample of 60,000 units; it was completed in December.

The AHS was an annual survey, to begin with, so there was another survey in 1974. That was conducted between August and October. The 1974 survey was bigger: it included an additional 16,000 rural units. In that year also, the surveys of selected metropolitan areas began. The plan was to survey 60 metropolitan areas, 20 per year over a three-year cycle. There were four large metropolitan areas each year, one in each region, with samples of 15,000 units, and 16 smaller areas, with samples of 5,000 each.

If you add all that up, in 1974 there were 76,000 units in national survey, and 140,000 in the selected metropolitan areas. That's a total sample of 216,000 units. If I have it right, the 2009 survey, national and local, was less than a quarter of that size.

That was a long time ago.

### IN BETWEEN

That was the start. But then, we had to preserve it, and that turned into the “Perils of Pauline.”

Fortunately, Secretary Carla Hills recognized the value of quantitative information. She supported the AHS because she knew it was the source of important information, and useful information, and accurate information. She knew what was in the AHS.

And that was a very good thing too, because there were people who wanted to strangle it right after birth.

The chief HUD budget examiner at OMB began quoting the data in the AHS to argue against some of HUD's budget proposals. I worried about other offices in HUD getting annoyed at what PD&R was doing. To my knowledge, however, that did not happen. Instead, I was invited to a meeting at OIRA with two senior staff members. They started by saying that the AHS was pointless, expensive, and an unnecessary reporting burden on the public. They spoke as if this was well-known fact; they simply assumed that I would join them in developing a strategy to terminate it. (This was five years after OIRA approved it.)

At that time, OIRA was on the ninth floor of the New Executive Office Building and the HUD budget division was on the eighth floor. I listened to the OIRA staff and I didn't say anything, but I couldn't help wondering if the people on the ninth floor and the people on the eighth floor ever talked to each other.

Sometime in 1975 or 1976 we held a conference for AHS users. The chief economist of the National Association of Home Builders wanted to get rid of the survey and use the money for a mortgage interest rate subsidy program. Now, 1975 had been the worst year for housing starts since 1946; but still, I was startled — and worried. NAHB was the most active industry association in Washington at that time.

There were concerns about the survey questionnaire, particularly with respect to housing quality. The decennial census had one broad question about housing conditions and the AHS had 30 narrower ones, but there was no single AHS question to match up with the traditional enumeration of "sound/deteriorating/dilapidated" that had been in the decennial censuses since 1940. I used to lobby Art Young, the head of Census' Housing Division, to reinstate the decennial question. He bore with me with fairly good grace, but it was hopeless. Census and HUD were looking at different problems. The Census Bureau had tested the decennial question and felt it wasn't accurate enough to be meaningful. It was the judgment of the enumerator and enumerators weren't consistent. Census had changed it from one decade to the next, without being satisfied. But from HUD's standpoint, it was clear that efforts to create an overall quality measure from the 30 questions invariably came up with a higher threshold for "standard." Many more units were counted as substandard using the AHS than had been counted by the decennial census. This created problems. We had to explain to the media and to Capitol Hill that the quality of American housing had not suddenly deteriorated between 1970 and 1973, and then the next question was always, "Why did you change the question?"

It was clear to us that housing quality was better in 1973 than in 1970. The questions that were carried over from the decennial census to the AHS all showed substantial improvement — housing units without complete plumbing facilities declined from 4.4 million in 1970 to 3.6 million in 1973, for example. And the years 1971 and 1972 had been record-breaking years for housing production, both unsubsidized and subsidized. But the difference in the data dominated the discussion.

And we couldn't seem to get the reports out. The 1973 reports weren't published until 1975. Census, of course, not only had to conduct a new survey, they had to work out the formats for reporting the results, and that takes time. To us at HUD, the reports seemed to take forever, and the AHS was a good chunk of the PD&R budget. The first Assistant Secretary for PD&R was Michael Moskow. He had been appointed in 1973, and he had been responsible for the AHS ever since, providing the money without seeing the results. In 1975 he was about to be named director of the Council on Wage and Price Stability. There was a good chance he would be leaving HUD without ever being mentioned in the AHS published report, even though it had been an important part of his activities. In the early years, each year's AHS was published in several volumes. The first 1973 report finally came out in July 1975; the second in August; the last in April 1976. There were five reports in all, numbered as Part A, Part B, Part C, Part D, and Part One. Mike's name appeared, finally, in the first two, Parts A and B.

By July 1975, I was the Deputy Assistant Secretary for Economic Affairs within PD&R, and the AHS was managed in OEA. So I had my name in all of them, just for being there. But I had had nothing to do with them. My predecessor, Rudy Penner, had been responsible for the AHS; his name never appeared in any AHS report.

And we couldn't do anything with the AHS, except read the reports like everyone else. HUD had no research computing capability in the mid-1970s. We had to go across the street to the building on the northwest corner of 7<sup>th</sup> & D. It belonged to GSA, and we could use their computer.

And we had to do our own programming. I assigned an economist to write two programs: one to produce tables from the raw AHS datatape, and one to run regressions on the data. My goal was to have programs that an economist with mediocre computer programming skills could use, and the economist I chose to meet that criterion — the one with the most mediocre programming skills — was me.

Eventually, we got usable programs.

Most fundamentally, there were continuing budget issues. The PD&R budget peaked, in real terms, in fiscal year 1976 (July 1975 to June 1976). By 1981, it was down by 60 percent. There was nominal growth in the budget, but inflation was averaging 10 percent a year in the later 1970s, and the PD&R budget wasn't keeping up. The cost of the AHS was growing, and it was taking more and more of the budget.

Just about every Assistant Secretary since then has had to wrestle with balancing data collection and research, often with a diminishing budget and rising costs. It is never easy; there are agonizing decisions on how to cut the AHS. And whatever you do, it's wrong.

The national survey became biennial after 1981, and the Annual Housing Survey became the American Housing Survey. The national sample was cut to about 55,000 units. In 2009, it was about 45,000.

The original metropolitan area schedule — 60 areas over three years — became 60 areas over four years in 1978, 44 areas over four years in 1984, and then a scramble. Most recently, it became 21 areas over six years. In more than one year, no metropolitan areas were surveyed at all. The sample sizes were all cut back to 3,000 units.

The plan was to draw a new sample every 10 years. That did occur in 1985, but it hasn't happened since then. There hasn't been the money for a new sample.

But while the AHS was bumping along merrily from crisis to crisis, something else was going on.

Over the 1970s we managed to work out a reasonable definition of decent housing: “adequate,” “moderately inadequate,” “severely inadequate.” This involved a great deal of work by economists and other social scientists in HUD, CBO, research institutes and universities. I realized as I was writing this paper that the AHS criterion has now been in use longer than the original decennial Census criterion. And it has been used, and it has been very useful.

The new criterion is essential to the Worst Case Needs reports. Those reports started 20 years ago; the report for 2009 which just came out is the 13<sup>th</sup> in the series.

Anthony Yezer of George Washington University used a version of it to estimate the cost of “decent” housing for individual metropolitan areas. How much did you have to pay to rent something that met the HUD criterion for “adequate”? It is a useful way of thinking about affordability. To my knowledge, that analysis has never been replicated. But it was followed by increasingly sophisticated work on local housing price indices, which is still continuing.

In the late 1970s, PD&R published a series of reports, “How Well Are We Housed?” for various groups in the population, among them minority groups, the elderly, and the residents of rural areas.

The Center for Budget and Policy Priorities produced a series of reports, “A Place to Call Home” for individual metropolitan areas in the late 1980s, culminating in a national report in 1992.

I have concentrated on housing quality here because it has been a particularly thorny issue, and I've always had a special interest in it. But quality is only part of the history.

Since the beginning there have been substantial discrepancies between the number of assisted units as measured in the AHS and the number that are reported (and funded) as assisted in HUD's administrative records. The AHS consistently overcounts, by a substantial margin. The Rural Housing Service programs in the Department of Agriculture are too small to account for the difference.

In 1989 HUD and Census began to match the addresses of units in the AHS against the units in the HUD program data. This has given us a much better sense of who is living in assisted housing. The results have been published in a series of reports, “Characteristics of HUD-Assisted Renters and Their Units,” for 1989, 1991, and 1993, and then after a decade’s hiatus for budget reasons, for 2003.

The Joint Center for Housing Studies has published an annual report, “The State of the Nation’s Housing,” drawing substantially on the AHS, going back to 1988.

NAHB now publishes biennial reports on homebuyers — who they are, what they buy, how they pay for it — drawing on the AHS as a basic data source. They tabulate buyers of new homes in comparison to buyers of existing homes, first-time buyers against those who are trading up. These reports are produced by the successors to the NAHB chief economist who wanted to terminate the AHS, 35 years ago.

For the last several years, former HUD chief economist Frederick Eggers, has produced a kind of “components of inventory change” report on the rental housing stock, tracing the changes from one AHS to the next.

The inability to draw a new sample has meant that we now have a longitudinal sample of the housing stock going back more than 25 years. This has permitted Fred Eggers, myself, and our colleague Fouad Moumen to conduct a longitudinal analysis of the affordable rental housing stock, originally over the 20 years from 1985 to 2005. We are now extending it to 24 years, and hoping to extend it to 26. We look both forwards and backwards: What was the affordable rental stock in 1985 and what happened to it? And, what was the affordable rental stock in 2005 and where did it come from? We are doing this both for the nation as a whole and for several very large metropolitan areas with large enough samples in the national AHS. We are producing a data file with consistent weighting over the whole period, for the entire sample. It will be usable for many other purposes besides tracing affordable rental housing.

### NOW

When I started this paper, listing shortcomings in the AHS was the first part I wrote because it was the easiest part to write. I’ve mentioned several already: the difficulty in identifying assisted households, the declining number of metropolitan areas, and the smaller samples in recent years. I would also add the problems in measuring rent/income ratios for assisted households: in each of the four reports on the characteristics of HUD-assisted renters, a substantial number report high or low rent burdens — above 40 percent or below 20 percent. Such ratios are possible in the voucher program, but very unlikely in privately-owned assisted projects or public housing, where the rent/income ratio is set at 30 percent.

But this morning I've learned that these problems are being addressed. The overall sample size and the sample for assisted households are being increased, and beginning in 2011 the AHS public use data file will identify survey units that are identified as assisted in HUD administrative data. This addresses the biggest shortcoming in the survey, in my opinion. Further, the number of metropolitan areas is being greatly increased. Thirty areas will be surveyed in 2011 and another 30 in 2013. We are back to the late 1970s schedule of 60 metropolitan areas over four calendar years.

These are major, valuable improvements. To Assistant Secretary Bostic, I want to say that every assistant secretary back to Donna Shalala is envious of you.

We can always think of more data that would be useful; that's always true. For the first time in decades, we are not having a Residential Finance Survey for owner-occupied housing in conjunction with the decennial census. This is certainly an odd time to eliminate the only survey that contains data on home mortgages from both the borrower and the lender. I am wondering if the AHS data can be used for the borrower's information, and serve as a starting point for collecting information from lenders.

This conference includes 14 papers. In 1979 I was program chairman for the annual meeting of the American Real Estate and Urban Economics Association (AREUEA), and it occurred to me to have a session of papers using the AHS – partly to see what was being done around the country with the survey, partly to build support for it by establishing that the survey was being used to answer politically important questions. There were more than 1,000 members of AREUEA at that time. I received three submissions, total. I accepted them all, and we had the session.

We have come a long way.

More than anything specific, the AHS continues to inform public policy — through the Worst Case Needs reports, the State of the Nation's Housing, and broadly because it is available to answer questions that come up. The AHS helps to frame the policy debate; to narrow the range of disagreement; to ground policy proposals in reality.

Through all the problems and all the travails of the last 38 years, the American Housing Survey is still here, and still useful. And with a little luck and a lot of hard work, it will still be here, and still useful, for the next 38 years.